
Subject: Determining Household Income

Effective Date: July 1, 2006

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Policy: Income is defined as total gross income of all household members in the economic unit and any amount received or withdrawn from any source, including savings. Gross income is defined as all income before deductions are made for income taxes, employee social security taxes, insurance premiums, bonds, etc.

Procedure:

1. Determine the gross income of the economic unit.

a. Income includes:

Earnings from Work

- Wages/salary/tips/commissions/fees
- Strike benefits
- Unemployment compensation
- Worker's compensation
- Net income from self-owned business or farm
- Severance pay
- Military Leave and Earnings Statement (LES) (See Pages 7 & 8) of this policy Military Leave and Earnings Statement (LES) as Proof of Income.

Welfare/Child Support/Alimony

- Public assistance payments
- Welfare payments
- Alimony/child support payments

Pensions/Retirement/Social Security

- Pensions

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- Supplemental Security Income
- Retirement income
- Veteran's payments
- Social Security

Other Income

- Disability benefits
 - Cash withdrawn from savings
 - Interest/Dividends or Bonds
 - Income from Estates/Trusts/Investments
 - Regular contributions from persons not living in the household
 - Net royalties/annuities/net rental income/net gambling and lottery winnings
 - Inheritances
 - Any other income
- b. Determine gross income based on current or an income average, whichever is the better indicator of the applicant's financial status.
- Current income means the most recent income information available to the applicant.
 - Use income averaging for self-employed persons, persons on leave-of-absence from work, teachers, and seasonal workers, college students who only work during the summer or persons whose income is sporadic or irregular.
 - To income average, take the past 12 months of income and divide by 12.
 - Income for strikers or unemployed persons is based on the period of unemployment only.
 - Accept self-declaration of striker status if it is known in the community that the individual's work place is on strike. Document in the client's file.

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- Request letter of unemployment for unemployed persons. Record in the client's file.
- c. Compare the gross income to the Kansas WIC Program Income Eligibility Chart. (See CRT 06.01.00)
 - If the applicant is financially eligible, refer the applicant to the CPA to determine nutritional eligibility.
 - If the applicant is financially ineligible, issue a Termination Letter

INCOME DETERMINATION EXAMPLES

This section is intended to provide some assistance in determining and recording income eligibility. As with anything involving numerous possibilities, it cannot be all-inclusive. If you have any questions that cannot be answered here, please contact the SA for assistance.

If more than one family lives together, explain the need to report all income received by all who live in the home, unless the applicant can establish status as a separate economic unit. Give examples of types of income to be included, including withdrawal from savings if unemployed or "between jobs." Remember to ask leading questions, such as "what are you living on?" or "where are you getting your food now?" The more complete the information originally supplied, the quicker this part of certification can be completed.

Following is a discussion of the handling of various circumstances revealed during the certification process, or sometime during the certification period.

Change in Income During a Certification Period

If it is brought to your attention by the client or you can verify through public knowledge or information that the income of a client has changed during a certification period, the client's income must be reassessed. If the client is then found to be over-income, the client must be terminated.

It is not necessary to determine income for an in-state transfer or an out-of-state transfer unless the above situations apply.

Changes in Custody During Certification Period

If custody of a child changes during a certification period, the income must be reassessed. The client must be terminated if found over-income.

Deductions for Hardships

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Deductions for hardships such as high medical bills are not allowed.

Divorced Families and Child Support

A child of a divorced couple is counted in the family of the parent who has legal custody.

If an infant/child is in joint physical custody, the infant/child is determined eligible according to the financial eligibility of the parent applying for benefits.

If the child's parents are divorced and both parents have custody of the child for certain time periods during the year, then the household income of the parent with whom the child will be residing during the majority of the certification period will be used.

Child support payments actually received by the parent with legal custody are counted as income.

A family member, making child support payments to someone else cannot deduct the payments from their income. For example:

A mother and child live together and receive child support payments from the father. The father has remarried and lives with his new wife who is expecting a baby. The new wife and the ex-wife apply for WIC benefits. The ex-wife and her child are a family of two, and the child support payments are counted as income. The father and the new wife are a family of three (count unborn fetus). The child support payments cannot be deducted from the father's income and the child living with the ex-wife cannot be counted in the father's family.

Farm Income

Net income for self-employed farmers is figured by subtracting the farmer's operating expenses from the gross receipts. Federal or state income tax forms for the most recent tax year would provide the most reliable documentation of depreciation amounts. If this is not available, calculate net income of the farm.

Gross receipts include but are not limited to the value of all products sold, money received from the rental of farmland, buildings or equipment to others, and incidental receipts from the sale of items such as wood, sand, and gravel.

A farmer's operating expenses include cost of feed, fertilizer, seed and other farming supplies; cash wages paid to farmhands; depreciation charges; cash rent;

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interest on farm mortgages; farm building repairs; and farm taxes (but not State and Federal income taxes). The value of fuel, food or other farm products consumed by the family is not included as an operating expense. Before accepting depreciation charges as operating expenses, documentation of such charges should be required.

Foster Care Children

A foster child is a child who is living with a household but who remains the legal responsibility of the State. Such a child is considered a household of one. Because a foster child is considered a household of one, the income of a foster child is considered separately from the income of other members of the foster child's place of residence."

A foster child's income includes payments made by a State or from any other source that are intended for the care of that child, for example, for the child's clothing, school fees, or allowance. Any other funds received by the child must be included as income, for example, income a child earns for full-time or regular part-time employment, and money provided by the child's family for personal use. If funds are not specifically identified for the child's personal use, income should be listed as '0.'"

Group 1 applicants are infants and children in foster care with income up to 185% of the poverty level. A foster child is considered to be a household of one (1). When calculating the applicant's income to determine eligibility, use only funding the foster child receives that is intended for his or her care. Do not count the foster parent or parents as a member or members of the household and do not include the gross income of the foster parent or parents.

Group 2 WIC applicants are women with a household income up to 185% of the poverty level and who care for a foster child. When calculating income to determine eligibility, use only the woman's gross household income. Do not count the foster child as a member of the household and do not use any funding the foster child receives that is intended for his or her care.

Homeless Applicants

An applicant may declare that she/he is homeless. Commonly, the homeless applicant may have no source of income or support. If an applicant declares no income and receives no money and possesses no savings, she/he is income eligible due to no income. Zero income should be recorded in KWIC, and the above information documented as a note.

A homeless applicant may temporarily be residing with friends or family. If the applicant has income, it would be separate from the other residents of the home.

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Eligibility would be based on the number of homeless family members and their income only.

Instream Migrant Farm workers

An Instream migrant farm worker is defined as a person and/or member of a family whose principal employment is in agriculture on a seasonal basis, who has been so employed within the last 24 months, and who has established a temporary place to live in order to be near to the area where he/she is employed. It is very possible for an Instream migrant farm worker to be homeless.

Income of an Instream migrant farm worker must be determined at least once every twelve months. Any determination that members of a migrant farm worker's family have met financial eligibility, (i.e., In/Out-of-State Transfer's) will satisfy the income criteria for the migrant client for any subsequent certification during the 12-month period. An example: An In/Out-of-State Transfer who is an Instream migrant farm worker reports to the LA in August. The In/Out-of-State Transfer card indicates the certification date and last income determination was completed in April. Income information does not need to be determined at the next certification in October, as this certification is within 12 months from the date of the last income determination.

Family Size and Income Determinations for Military Families

Military personnel on shore duty living with the household or away on Temporary Duty (TDY) are considered household members. Any military personnel serving overseas or assigned to a military base and not living with the household is considered a member of the household for purposes of determining eligibility, and the money sent to the household is included as income to the household.

The value of in-kind housing and other in-kind benefits and payments or benefits provided under certain federal programs or acts are excluded from consideration as income by law. Such housing allowances include Basic Allowance for Housing (BAH) for off-base housing and privatized housing in the U.S.; Family Separation Housing (FSH) provided to military personnel for overseas housing, but military families may continue to receive BAH in the U.S.; and, Overseas Housing Allowance (OHA), provided to military personnel living overseas. These housing allowances will be reflected as BAH, FSH, and OHA on military pay statements.

Military benefits received in cash, such as food allowances, and CONUS COLA must be considered as income. However, the value of in-kind benefits other than cash, such as on base housing, is not considered income. Also, cash allowances for military household living off base are not considered income.

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Children in the temporary care of friends or relatives, such as a military family's children may live with their grandparents while the parents are on active duty, may be handled in one of three ways:

Count the absent parents and their children as the economic unit, as would have been the case prior to the parents' deployment. Use of this option would be dependent on whether the LA could reasonably determine the total gross income of that economic unit.

Count the children as a separate economic unit. To be considered as such, the unit must have its own source of income, e.g., child allotment(s). This income must be determined to be adequate to sustain the economic unit. If income is inadequate, use the next option.

Consider the children as part of the economic unit of the household in which they reside.

Military Leave and Earnings Statement (LES) as a Proof of Income

Use this table to determine which entitlements are counted as monthly income when a military family member presents the LES as proof of financial eligibility for the WIC Program:

INCLUDE AS INCOME	DO NOT INCLUDE
Base Pay/Basic Pay	BAH: Basic Allowance for Housing
CONUS COLA- continental United States cost-of-living allowances	FSH Family Separation Housing
BAS: Basic Allowance for Subsistence	OHA Overseas Housing Allowance
Clothing: Allowance for Uniforms *	OCONUS COLA- overseas continental United States cost-of-living allowances
Reenlistment Bonus *	
Separate Rations or Combats	
Leave Rations	
FSA: Family Separation Allowance	
CSP: Career Sea Pay	
Flight Deck Pay	
Hazardous Duty Pay	
Sea Premium Pay	
SPEC Duty Pay	

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* Clothing and Reenlistment entitlements are given annually. Calculate annual pay without BAQ or VHA and the clothing allowance or reenlistment bonus. To determine the final annual income, add the allowance or bonus to the annual income. See example below.

Example:

ENTITLEMENTS	
Type	Amount
BASE PAY	1035.14
BAH	307.91
BAS	216.38
CLOTHING	190.8
TOTAL	1750.23

1251.52	- Monthly pay w/o BAH & clothing
<u>x 12</u>	
15018.24	- Annual pay
<u>+ 190.80</u>	- Annual clothing allowance
15209.04	- Annual Pay

The reenlistment bonus would be calculated in the same manner as this clothing allowance example.

Minor Living with Parents or Another Family Unit

If a minor lives with his/her parents and is claimed by them as a dependent for income tax purposes, the income of the parents shall be used to determine income eligibility.

If a minor lives in a household and receives any support for which he/she doesn't pay, such as shelter or food, the family size and income of all household members, including the minor, will be used to determine eligibility. Any income received by the teenager such as TAF payments would also need to be included in evaluating total income. Remember, if the minor is adjunctively eligible, the income information should be requested for statistical purposes only.

If an unwed minor lives under the same roof with parents or another family but receives no support, such as shelter or food from them, he/she will be considered a separate family unit and only his/her income will be taken into consideration. This could occur if the minor pays for his/her own apartment within the home, or can establish himself/herself as a second household.

Multiple Families

If the family applying for benefits receives partial or total support, including but not limited to shelter or food, from another family living in the same dwelling, the combined income and family size of both families will be used to determine eligibility.

If the family applying for benefits lives under the same roof with another family but receives no support from them, each family will be considered a separate

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economic unit. Only the income and family size of the family applying will be considered. This could occur if the family pays for an apartment within the home, or can establish itself as a second household.

Self-Employment Income

Self-employed persons may use last year's income as a base to project their current year's net income, unless their current monthly income provides a more accurate measure.

Self-employed persons are credited with net income rather than gross income. Net income for self-employment is figured by subtracting business expenses from gross receipts.

Gross receipts include the total value of goods sold or services rendered by the business. Deductible business expenses include cost of goods purchased, rent, heat, utilities, depreciation charges, wages and salaries paid, and business taxes (not personal Federal, State or local income taxes). Before accepting depreciation charges as operating expenses, documentation of such charges should be required. Federal or State income tax forms for the most recent tax year will provide the most reliable documentation of depreciation amounts.

Students

A student in boarding school is considered a member of the household in which he/she normally resides. Therefore, total household size and income are considered in eligibility determination.

A student living alone or as a separate economic unit is considered a household of one. Therefore, only the student's income is considered for eligibility purposes.

The earnings of a student who is a full-time or regular part-time employee must be listed on the application. However, occasional earnings, such as baby-sitting, should not be listed on the application.

A foreign exchange student is considered a member of the household in which he/she resides. Therefore, the household size and total household income are considered in the eligibility determination.

In order to obtain a Visa, a foreign student must have an adequate means of financial support. When foreign students are self-supporting, they must document that they have sufficient funds to cover all costs for the planned years of study, including living expenses. When a foreign student is dependent upon financial support from other persons, the sponsoring persons must sign an affidavit of support documenting their ability to support the alien student. An alien's means of

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financial support may change after the student enters the country. Students may be authorized to work part-time but their spouses and children are not allowed to work while in this country. Any questions about the income of a foreign student should be directed to the local Immigration and Naturalization Service Office or the college or university's foreign student affairs office.

Temporary Loss of Income

When an applicant states they are suffering a temporary loss of income due to a furlough, lay-off or strike, their income should be assessed based on their current income. The income they received in the month prior to application should be used to determine income eligibility.

When these applicants are determined income eligible and are at nutritional risk, they should be placed on the program for a full certification period. These situations should be rare and by nature usually are resolved within a normal certification period. Since they are short term, the client should be placed on monthly check pick-up, allowing staff to reassess income eligibility when the situation changes. Staff may discover the situation is resolved through news reports or when informed by the client.

Zero Income Reported by Applicant (See CRT 06.02.02)

Except in very rare cases (such as homeless applicants), zero income is not an acceptable statement of income.

When zero income is reported, leading questions such as where are you getting food, where are you living, and who is paying the rent will give insight into how the applicant is supported.

When an applicant shows no profit or loss for a year (e.g., self-employed), document clearly in this explanation of the individual's income and record zero income in the KWIC system.